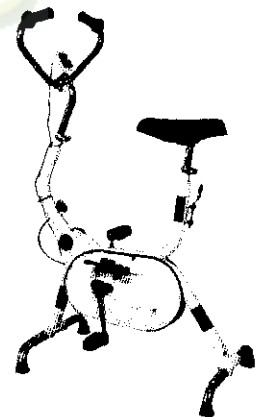
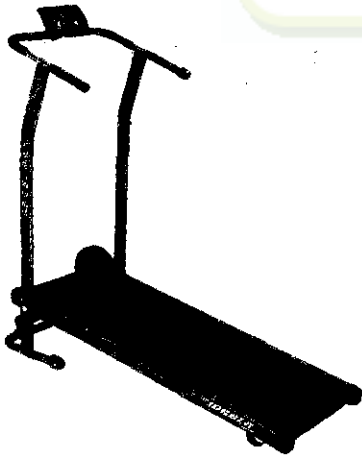
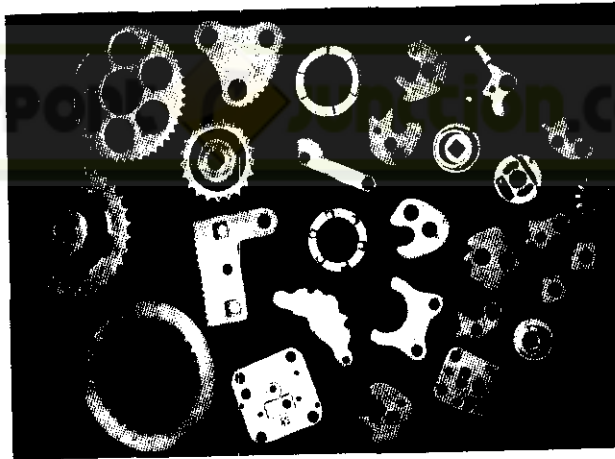
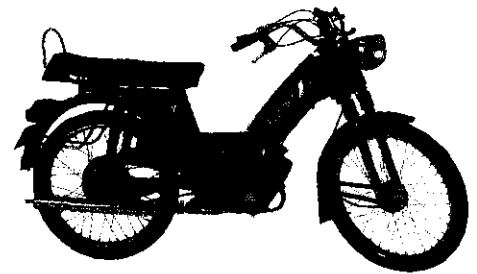
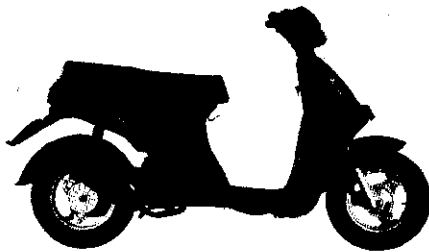


ANNUAL REPORT

1999-2000



Majestic Auto Limited

MAJESTIC AUTO LIMITED**BOARD OF DIRECTORS**

Shri O. P. Munjal
Chairman

Shri S. D. Khosla

Shri D. K. Jain
IFCI Nominee

Shri G. P. Sood

Shri Vijay Munjal

Shri Suman Kant Munjal

Dr. D. R. Singh

Shri Mahesh Munjal
Managing Director

Shri Pankaj Munjal
Managing Director

LEGAL ADVISOR

Shri S. K. Mehta

COMPANY SECRETARY

Shri R. K. Agrawal

AUDITORS

M/s B. D. Bansal & Co.
Chartered Accountants,
Amritsar.

BANKERS

Canara Bank
Punjab National Bank
Citi Bank

REGISTERED OFFICE

C-48, Focal Point, Ludhiana - 141 010.

WORKS**UNIT-I**

C-48, Focal Point, Ludhiana - 141 010.

UNIT-II

Village Achheja
Tehsil Dadri, Distt. Ghaziabad (U.P.)

HEAD OFFICE

601, International Trade Tower,
Nehru Place, New Delhi.

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MAJESTIC AUTO LIMITED**NOTICE**

Notice is hereby given that 27th Annual General Meeting of the members of Majestic Auto Limited will be held on Monday, the 25th Sep., 2000 at 12.30 P.M. at the premises of Hero Cycles Limited, Hero Nagar, G.T.Road, Ludhiana to transact the following business :-

ORDINARY BUSINESS

1. To receive , consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Suman Kant Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. D. R. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approval(s) as may be necessary under the provisions of the Act, consent of the Company be and is hereby accorded to reappointment of Sh. Pankaj Munjal, as Managing Director of the Company for a period of 5 years w.e.f. 1.1.2001 on the terms and conditions including remuneration as set out in draft agreement to be entered with him, as placed before the meeting, extract of which is set out in Explanatory Statement attached to the Notice convening this meeting, which agreement is hereby sanctioned and approved with liberty to the Board of Directors of the Company to alter or vary the terms and conditions of the said re-appointment and/or agreement including remuneration payable to the Managing Director in such manner as may be agreed to between the Board of Directors and Sh. Pankaj Munjal, provided that alteration/variation shall be within the limits specified in Schedule XIII to the Act, including any modification, amendment or re-enactment thereof."

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of the Managing Director, the remuneration by way of salary and perquisites as specified in said draft agreement shall be payable to the Managing Director."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to agree to any amendment to the said agreement and are empowered to make such improvements in the terms of remuneration of Sh. Pankaj Munjal, from time to time, as may in its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Act including any amendment thereto or any re-enactment thereof, the intention being that approval of the members of the Company will not be required, so long as the remuneration of the Managing Director to be fixed by the Board of Directors, from time to time, during his term, is not in excess of maximum permissible limits under the relevant laws, rules, regulations, guidelines or notifications as may be promulgated or issued after the date of this meeting."

6. **TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :**

"RESOLVED THAT subject to the approval of the Central Government and pursuant to section 294,

MAJESTIC AUTO LIMITED

294AA and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the shareholders of the Company be and is hereby accorded to the re-appointment of M/s Munjal Sales Corporation as the Sole Selling Agent of the Company for sale of Exercisers and Exercising & Sports Equipments for Unit-I situated at C-48, Focal Point, Ludhiana for a period of 5 years from 20.10.2000 to 19.10.2005 on such terms and conditions as approved by the Board of Directors of the Company in their meeting held on 30.6.2000 and subject to such other change(s)/modification(s) as may be prescribed by the Central Government."

"RESOLVED further that the Board of Directors of the Company be and are hereby authorised to make any modifications in the terms and conditions of the agreement produced before in this meeting as may be sanctioned by the Central Government and agreed to by the Board of Directors of the Company and M/s Munjal Sales Corporation."

7. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner and to the extent set out below :

- a. After Article 75, the following new Article be inserted as Article 75A and be read as follows :

Dematerialisation of Securities

75A. (1) For the purpose of this Article;

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depositories Act' means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such securities as may be specified by SEBI from time to time.

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

MAJESTIC AUTO LIMITED

- (5) a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.
 - b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
 - (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
 - (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owner in the record of a depository.
 - (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
 - (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
 - (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Securities holders for the purpose of these Articles."
- b. After Article 90, the following new Article be inserted as Article 90A and be read as follows :

Nomination

90A. Notwithstanding anything contained in these Articles or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Sections 109A and 109B of the Act, shall be applicable to such cases."

By Order of the Board of Directors
for Majestic Auto Limited

Place : Ludhiana
Date : 29.7.2000

(R. K. Agrawal)
Company Secretary

Regd.office: Majestic Auto Limited,C-48, Focal Point, Ludhiana.

MAJESTIC AUTO LIMITED**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**
2. The Register of Members and the Shares Transfer Books of the Company will remain closed from 16.9.2000 to 25.9.2000 (both days inclusive).
3. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company during office hours upto the date of the Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting.
5. Members/Proxies should bring the Attendance slip sent herewith duly filled in for attending the Annual General Meeting.
6. Pursuant to the provisions of Section 205A of the Companies (Amendment) Act, 1999, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company for the financial year 1995-96 onwards.

In respect of the unclaimed dividend for periods prior to the financial year 1995-96, already transferred by the Company to the General Revenue Account of the Central Government, Shareholders may claim the same by writing to the Registrar of Companies Punjab, Himachal Pradesh & Chandigarh, Kothi No. 286, Defence Colony, Jalandhar City - 144 003 by quoting the Company's Registration No. 3264.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM No. 5**

The Board of Directors of the Company at its meeting held on 30.6.2000 has re-appointed Sh. Pankaj Munjal as a Managing Director of the Company subject to the approval of shareholders for a period of 5 years w.e.f. 1.1.2001 to 31.12.2005 at the remuneration, in accordance with the norms laid down in Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, as re-produced hereinbelow :-

1. Salary :

Salary at the rate of Rs. 64,000/- in the scale of Rs. 64,000 - 7,000 - 99,000/- per month.

2. Bonus :

As per Company's Rules.

3. Commission :

Commission shall be decided by the Board of Directors based on the net profits of the Company each year and the same shall not exceed 1% of net profits of the Company subject to the condition that the aggregate remuneration to the Managing Directors shall not exceed the limits laid down under sections 198, 309 and Schedule XIII to the Companies Act, 1956.

In addition to the salary, the following perquisites shall also be allowed to the Managing Director :-

4. Perquisites :**i. Residential Accomodation**

- a) **Housing I :** The appointee shall be provided free residential accomodation subject to the conditions that the expenditure by the Company shall be limited to 60% of the salary over and above 10%

MAJESTIC AUTO LIMITED

payable by the Managing Director.

- b) Housing II : In case accommodation is owned by the Company, 10% of the Salary of the appointee shall be considered as perquisite value.
- c) Housing III : In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

In addition to the above, the appointee shall be entitled to free use of facilities and amenities such as gas, electricity, water, furnishings, fittings etc., which shall be valued as per Income Tax Rules, 1962. This shall however be subject to the ceiling of 10% of the salary.

ii. Medical Reimbursement :

Reimbursement of actual medical expenses incurred by the appointee and his family subject to one month salary in a year or three months salary over a period of three years.

iii. Leave Travel Concession :

For self and the family, once in a year, incurred in accordance with the Rules specified by the Company.

iv. Club Fees :

Fees of Clubs subject to maximum of two clubs. This will not include admission and life membership fees.

v. Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which not to exceed Rs. 4000/-.

vi. Car :

Facility of Car with driver to be used for the business of the Company (not to be considered as perquisite).

vii. Telephone :

Free telephone facility at residence to be used for the business of the Company (not to be considered as perquisite).

viii. Reimbursement of Expenses :

Reimbursement of entertainment, travelling, hotel and other expenses, actually and properly incurred for the business of the Company (not to be considered as perquisite).

- ix. Superannuation/Annuity fund, Company's contribution to Provident Fund to the extent either singly or put together are not taxable under the Income Tax Act, 1961.

- x. Gratuity payable at a rate not exceeding half a month salary for each completed year of service, and

- xi. Encashment of leave at the end of the tenure.

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as a Managing Director, the payment of salary, perquisites and other allowances shall be restricted to Rs. 18,00,000/- p.a. or Rs. 1,50,000/- p.m. in terms of Section II of part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included :-

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity at the rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of his tenure.

Sitting Fee

The Managing Director shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee meetings thereof.

MAJESTIC AUTO LIMITED

The Board of Directors of your Company recommends passing of the resolutions as contained under item no. 5 above.

None of the directors except Sh. Pankaj Munjal himself and Sh. O. P. Munjal is interested in the resolution mentioned at item no. 5 above.

The aforesaid terms and conditions may be treated as an abstract of the terms of the contract and memorandum of the nature of the concern or interest of directors pursuant to section 302(2) of the Companies Act, 1956.

ITEM NO. 6

The tenure of M/s Munjal Sales Corporation, Sole Selling Agent of the Company is expiring on 19.10.2000. The Board of Directors in its meeting held on 30.6.2000, has proposed to reappoint M/s Munjal Sales Corporation as the Sole Selling Agent of the Company for sale of exercisers, exercising & sports equipments for Unit-I situated at C-48, Focal Point, Ludhiana subject to the approval of the shareholders and Central Government for a period of 5 years commencing from 20.10.2000 to 19.10.2005. The Sole Selling Agent will get Commission @ 2% on Exercisers, Exercising & Sports equipments. Your Directors recommend passing of the Special Resolution as contained under item no. 6 above.

S/Shri O. P. Munjal, Vijay Munjal, Suman Kant Munjal, Mahesh Munjal and Pankaj Munjal are interested in this resolution.

ITEM NO. 7

- a. With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a Company. The Securities and Exchange Board of India (SEBI) has notified compulsory trading of your Company's shares in dematerialised form for Institutional investor and OCB's w.e.f. June 26th, 2000. Later, as per SEBI's latest notification the shares shall be compulsorily traded in dematerialised form for all the investors w.e.f. 28th August, 2000. Accordingly your Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Alankit Assignments Limited to enable the shareholders to hold Securities in dematerialised form. Therefore, it is proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution to reflect to provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such system.
- b. An amendment has been made to the Companies Act, 1956 through the Companies amendment Act, 1999, to permit the holders of every share in or debentures of the Company, to nominate in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

In order to bring the Articles of Association of the Company in conformity with the provisions of the amendment made to the Companies Act, a new Article is being added, subject to the approval of the Equity Shareholders in the General Meeting.

The Board of Directors of your Company recommends passing of the resolutions as contained under item no. 7 above.

None of the Directors is interested in the resolution mentioned at item no. 7 above.

By Order of the Board of Directors
for Majestic Auto Limited

Place : Ludhiana
Date : 29.7.2000

(R. K. Agrawal)
Company Secretary

MAJESTIC AUTO LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting to you the Twenty Seventh Annual Report and the Audited Accounts for the financial year ended 31st March 2000.

FINANCIAL RESULTS

(Rs.in lacs)

Year ended	Year ended 31-03-2000	Year ended 31-03-1999
Sale	21090	23450
Profit before depreciation and Financial charges	936	1855
Less : Financial Charges	691	997
Depreciation	505	607
Net Profit/(Loss)	(260)	251
Less : Provision for tax	1	24
Prior year adjustment	35	4
Prior year tax adjustment	11	38
	(307)	185
Add : Profit B/F from previous year	185	-
Balance available for appropriation	(122)	185
Suplus/(Deficit) carried to Balance Sheet	(122)	185

OPERATIONS

During the year under reference, your Company has registered turnover of Rs. 21090 lacs as compared to Rs. 23450 lacs in the previous financial year. Your Company has recorded a net loss of Rs. 260 lacs as compared to net profit of Rs. 251 lacs in the previous financial year. The major reasons for the loss are because of change in policy for valuations of inventories as per Accounting Standard (AS-2) of the Institute of Chartered Accountants of India and write off of the dead and slow moving stocks, apart from lower sales during this financial year. The Company's performance is expected to show an improvement during the year 2000-01 because of launch of its new models in the moped and scootererrate segment and encouraging orders of exports for its mopeds and scootererrate Models.

DIVIDEND

In view of the losses, your directors are unable to declare any dividend for the current year.

FIXED DEPOSIT

During the year under review, the Company has accepted a deposit under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. The said Deposit has been repaid in May, 2000 and as on date no fixed deposit is outstanding.

DIRECTORS

Sh. Suman Kant Munjal and Dr. D. R. Singh, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends for their re-appointment.

LISTING

The Shares of your Company are listed on Ludhiana, Delhi, Mumbai and Ahmedabad Stock Exchanges and the Annual listing fee for the year 2000-2001 has been paid.

DEPOSITORY SYSTEM

In reference with SEBI's letter dt. 15.2.2000, the Company shares are available for dematerialisation w.e.f.

MAJESTIC AUTO LIMITED

21.4.2000 on NSDL and w.e.f. 2.5.2000 on CDSL. Interested Members are requested to open their accounts with Depository Participants and forward shares through them.

INSURANCE

All properties and insurable assets of the Company including Building, Plant & Machinery and Stocks, had been adequately insured, wherever necessary and to the extent required.

Y2K COMPLIANCE

Your Company ensured that all operating systems remain fully Y2K compliant, thus resulting roll over to the new millennium was smooth and without disruption.

FINE BLANKING PROJECT

Company's Fine Blanking Project at Ludhiana has been implemented and its production has been started. With the start of this project, the profitability of the Company is expected to improve.

PARTICULARS OF EMPLOYEES

As required under section 217(2A) of the Companies Act, 1956, the particulars of the employees of the Company earning Rs. 6,00,000/- per annum or more or Rs.50,000/- per month are given in Annexure I to this report.

CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNING AND OUTGO

The detailed information as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 is enclosed as per Annexure-II to this report. Detail of foreign exchange earning and outgo are also provided therein.

AUDITORS

M/s B.D.Bansal & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be in accordance with the section 224 (1B) of the Companies Act, 1956. You are requested to appoint the Auditors and fix their remuneration.

AUDITORS' REPORT

As regards observations contained in the Auditors' Report, the respective notes to accounts are self explanatory and therefore, do not call for any further comments.

COST AUDITORS

The Directors have appointed M/s Ramanathan Iyer & Co., Cost Accountants, New Delhi as the Cost Auditors for the year 1999-00. The approval of the Central Government in this regard has also been received. The Cost Auditors' report will be sent to the Central Government as required under law.

PERSONNEL

Your Directors wish to place on record their appreciation of all employees of the Company for their devoted services. Industrial relations remained cordial throughout the year.

ACKNOWLEDGMENT

The Directors acknowledge with gratitude, the co-operation and assistance given by the Central Government, State Governments, Financial Institutions, Banks, Dealers, Customers, Vendors and Investors during the year under review.

For and on Behalf of the Board of Directors

PLACE : Ludhiana
DATE : 30.6.2000

(O.P.Munjal)
Chairman